

Plaintiff, complaining of Defendant, alleges and says:

- 1. Plaintiff, the North Carolina State Bar, is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the Rules and Regulations of the North Carolina State Bar promulgated thereunder.
- 2. Defendant, Tina Patrick-Broadway, was admitted to the North Carolina State Bar on 26 August 1994 and is an Attorney at Law subject to the rules, regulations, and Rules of Professional Conduct of the North Carolina State Bar and the laws of the State of North Carolina.
- 3. During the relevant period referred to herein, Patrick-Broadway was actively engaged in the practice of law in Charlotte, Mecklenburg County, North Carolina.

## FIRST CLAIM FOR RELIEF

- 4. Paragraphs 1 through 3 are re-alleged and incorporated as if set forth herein.
- 5. In connection with her law practice, Patrick-Broadway maintained a trust account at First Citizens Bank (account number ending 9258).
  - 6. For this trust account, Patrick-Broadway did not maintain:
    - (a) legible front and back images of cancelled trust account checks;
    - (b) complete records listing the source and date of all deposits into the account; or
    - (c) accurate ledgers reflecting all receipts and disbursements of entrusted funds for each of her clients.

- 7. Patrick-Broadway relied on a non-lawyer assistant, Rene Hensley, to oversee the trust account, maintain client ledgers, and perform trust account reconciliations. Patrick-Broadway did not review cancelled trust account checks or employ any other system designed to verify the accuracy of the reconciliations performed by Hensley.
- 8. In September 2007, Patrick-Broadway was the closing lawyer for Shirley Braddy's purchase of a home. Patrick-Broadway collected funds at closing for the 2007 taxes on the property, but did not pay the funds to the county tax collector.
- 9. In March 2009, after Braddy determined that her 2007 property taxes had not been paid, she contacted Patrick-Broadway to request a refund of the amount she had collected for taxes. In the course of researching Braddy's request, Patrick-Broadway conferred with Hensley, who stated that the trust account check to the tax collector had cleared.
- 10. Upon further review, Patrick-Broadway determined that the check to the tax collector for Braddy's property taxes had not cleared the trust account. Despite the fact that Hensley had supplied her with inaccurate information concerning the payment of Braddy's taxes, Patrick-Broadway took no additional steps to determine why Hensley falsely stated that Braddy's taxes had been paid nor did she make additional efforts to oversee Hensley's management of the trust account.
- 11. Hensley was employed by Patrick-Broadway through November 2009. When Hensley was terminated, all paper copies and digital backups of trust account reconciliations previously performed by Hensley went missing.
- 12. Patrick-Broadway did not examine the trust account at the time Hensley was fired to ensure that her clients' money had been safeguarded. Patrick-Broadway did not reconcile her trust account monthly or quarterly after she fired Hensley.
- 13. In October 2010, in the course of responding to a grievance filed by Braddy with the State Bar, Patrick-Broadway discovered that Hensley had embezzled from the trust account. Patrick-Broadway estimated that Hensley embezzled \$14,000.00, but the State Bar's examination of checks drawn on the trust account reflected that the amount was at least \$19,300.00.
- 14. Despite repeated requests from the State Bar over the course of more than a year, Patrick-Broadway failed to produce a quarterly reconciliation that completely and accurately identified the client balances in her trust account at First Citizens Bank.
- 15. When Patrick-Broadway discovered Hensley's embezzlement, she stopped depositing entrusted funds into the existing trust account at First Citizens. In December 2010, she ope ned a new account (account number ending 7058) at SunTrust Bank (hereafter "the new trust account").
- 16. Patrick-Broadway again delegated management of the new trust account to a non-lawyer assistant and failed to employ a system designed to verify that the non-lawyer assistant was properly maintaining and documenting entrusted funds.

- 17. Neither Patrick-Broadway nor her employees r econciled the new trust account from the time it was opened in December 2010 through December 2011, when the State Bar requested documentation showing that the new trust account was being properly reconciled.
- 18. When Patrick-Broadway reconciled the new trust account for the first time in December 2011, she discovered that:
  - (a) \$1,332.00 in cash received for a May 2011 closing had not been deposited into the new trust account and was not in the firm's office safe. Patrick-Broadway's non-lawyer assistants had access to the cash, but they disclaimed any knowledge of why it wasn't deposited into the trust account.
  - (b) On six occasions throughout 2011, the bank deducted funds from the new trust account to cover the cost of checks. There were insufficient funds in the account belonging to Patrick-Broadway to cover these deductions, which totaled more than \$1,500.00.
  - (c) Several checks related to August 2011 closings had been temporarily misplaced and were not deposited into the new trust account until months later.
- 19. On 21 December 2011, the Wake County Superior Court entered a consent order of preliminary injunction which, among other things, required Patrick-Broadway to "provide the State Bar within 90 days with identification of all funds held in trust in any trust account," including client ledgers and contact information for each client with money in the account. Patrick-Broadway did not comply with this provision of the order.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated the Rules of Professional Conduct in effect at the time of her actions as follows:

- (a) By failing to maintain legible images of cancelled checks, individual client ledgers, or sufficiently detailed deposit records, Patrick-Broadway violated Rule 1.15-3(b);
- (b) By failing to perform monthly and quarterly reconciliations of her trust accounts, Patrick-Broadway violated Rule 1.15-3(d);
- (c) By failing to make reasonable efforts to ensure that her non-lawyer assistants' management of her trust accounts was compatible with the Rules of Professional Conduct, Patrick-Broadway violated Rule 5.3(b);
- (d) By failing to timely pay Braddy's property taxes, Patrick-Broadway failed to promptly pay entrusted funds to a third party in violation of Rule 1.15-2(m); and

(e) By failing to completely identify all client funds in her trust accounts and provide this information to the State Bar as requested by the Bar and ordered by the court, Patrick-Broadway failed to respond to a lawful demand for information from a disciplinary authority in violation of Rule 8.1(b) and knowingly disobeyed an obligation under the rules of a tribunal in violation of Rule 3.4(c).

## SECOND CLAIM FOR RELIEF

- 20. Paragraphs 1 through 19 are re-alleged and incorporated as if set forth herein.
- 21. In December 2011, Patrick-Broadway issued trust account checks paying title insurance premiums for over one hundred real estate closings. She had collected the funds to pay these premiums from her clients at closing.
- 22. Seventy-three of the closings had occurred more than two years prior to Patrick-Broadway's payment of the title premium; some occurred as far back as 2004. For these closings, the title insurance commitment period lapsed long before Patrick-Broadway issued payment of the premium to the title company.
- 23. The title insurance premiums were due before the end of the commitment period. The insurers were not obligated to issue title insurance after the commitment period lapsed. By failing to pay the premiums on a timely basis, Patrick-Broadway placed her clients at risk of not obtaining title insurance coverage.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated the Rules of Professional Conduct in effect at the time of her actions as follows: By failing to timely pay title insurance premiums and obtain title policies for at least seventy-three of her real estate clients, Patrick-Broadway failed to promptly pay entrusted funds to a third party in violation of Rule 1.15-3(m) and failed to act with reasonable diligence on behalf of her clients in violation of Rule 1.3.

## WHEREFORE, Plaintiff prays that

- 1. Disciplinary action be taken against Defendant in accordance with N.C.G.S. § 84-28 (c) and 27 N.C.A.C. 1B § .0114 as the evidence on hearing may warrant;
- 2. Defendant be taxed with the administrative fees and with actual costs permitted by law in connection with the proceeding; and
  - 3. For such other and further relief as the Hearing Panel deems appropriate.

This the 13<sup>th</sup> day of July, 2012.

Margaret M- Hunt, Chair Grievance Committee

Carmen Hoyme Bannon, Deputy Counsel

The North Carolina State Bar

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